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Conferees Pledge \$7.4 Billion in Aid to Palestinian Authority

By John Ward Anderson
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PARIS, Dec. 17 -- Countries and international organizations pledged \$7.4 billion in assistance to the impoverished Palestinian Authority at a conference in Paris on Monday, saying that an infusion of cash would help the peace process begun by the United States last month in Annapolis, Md.

The giving topped the pre-conference goal of \$5.6 billion for the next three years. But some delegates said that pumping money into the West Bank and Gaza Strip would not lead to long-term economic growth or political moderation as long as Israel continued expanding Jewish settlements and imposing a regime of checkpoints and closures that was strangling the Palestinian economy.

Israeli Foreign Minister Tzipi Livni said it was a two-way street.

"We do not want the image of Israel in the Palestinian mind to be a soldier at the checkpoint. But we know making every effort to improve quality of life also means making every effort to end the threat to life posed by terror and violence," she said. "Economic advancement and personal security must be advanced together."

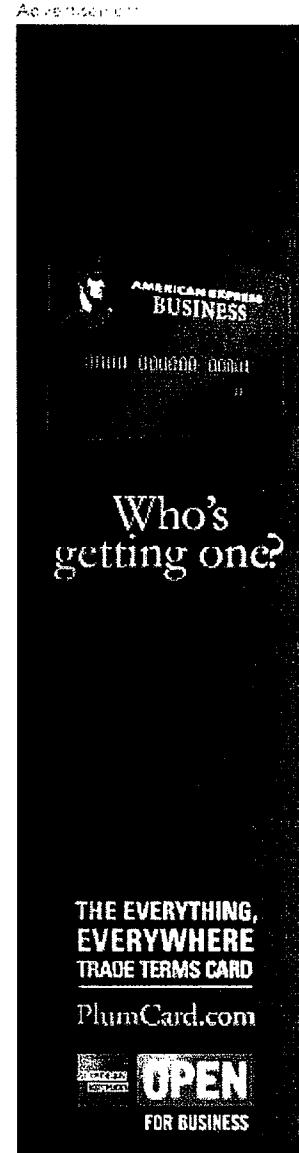
Gloomy economic reports and the back-and-forth over long-standing disputes underscored the challenges Israelis, Palestinians and their intermediaries face in meeting the key goal of Annapolis: forging an independent Palestinian state and a lasting peace agreement by the end of 2008.

"This is the most promising opportunity to seek peace that we have had in nearly seven years, and we need to seize it," said U.S. Secretary of State Condoleezza Rice in announcing \$555 million in U.S. assistance. Much of the U.S. contribution had been previously announced by the White House and must still be approved by Congress.

"For these efforts to succeed, the continued and unwavering support of the international community is absolutely vital," she said. "This conference is literally the [Palestinian] government's last hope to avoid bankruptcy."

"Economic development is the best guarantee of lasting peace and long-term security for Israel," said French President Nicolas Sarkozy, the conference host. He pledged \$300 million to the Palestinians over the next three years and called on Israel to end its occupation of the West Bank, freeze settlement expansion, and reopen checkpoints and barriers "to allow the economy there to breathe."

Other commitments at the one-day meeting included nearly \$300 million from Germany, \$120 million



from Japan and \$640 million from the 27-member European Union over and above what individual member governments pledged.

In seeking \$5.6 billion in assistance for 2008-2010, the Palestinians said about 70 percent of the funds would be for budgetary shortfalls and the rest for development assistance. Palestinian Authority Prime Minister Salam Fayyad said that funding would help the government rebuild institutions, cut back on the state payroll, reduce subsidies and implement other economic reforms.

An American official said that U.S. money would be paid through the United Nations and nongovernmental organizations and that \$150 million in budget support would be paid directly to the Palestinian Authority. U.S. money also would fund government salaries and humanitarian aid in the Gaza Strip, the official said. But it was unclear how much of the \$7.4 billion pledged Monday would go to Gaza, which is controlled by Hamas, a radical Islamic group whose forces expelled the Palestinian Authority from the strip in June.

Events that followed the Nov. 27 Annapolis conference contributed to Palestinian resentment here and in the territories leading up to the Paris meeting. A week after both sides pledged to adhere to the U.S.-backed "road map" for peace -- a plan launched in 2003 that calls for Israel to stop settlement activities and for Palestinians to disarm militant groups and boost security -- Israel announced the construction of more than 300 homes on occupied land on the outskirts of Jerusalem.

"I'll be eager to implement all our commitments under the road map, and I expect the Israeli side to do the same, comprehensively, and without excuses from our side or theirs," Palestinian Authority President Mahmoud Abbas told the delegates. "I expect them to stop all settlement activities, without exceptions."

Staff writer Glenn Kessler in Washington contributed to this report.

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